

SECRET

28 November 1961

MEMORANDUM FOR: Chief, T & S Branch, PD/OL

SUBJECT : RD-137, T.O. #2, [REDACTED]

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1. Reference is made to contractor's letter of July 18, 1961, a copy of which you forwarded to us by official routing slip dated July 27, 1961.

2. Our position with respect to this overrun is the same as it was at the time of the January 17, 1961 meeting. Part of the difficulty in this case has been due to the contractor's understandable inability to make an accurate estimate of the complexity of the job. On the other hand, in performance, contractor did not take adequate care to insure that competent personnel were assigned to and retained on the job or that components were ordered in proper time for orderly assembly. These latter deficiencies are considered to amount to a failure on the part of contractor to use its best efforts. Further, contractor's reports did not disclose the overrun until it had reached the proportions now claimed. Finally, when delivery was at last made the units were found to be inoperative and had to be sent out to another contractor to be put in working order.

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3. Under the circumstances, we feel that the settlement proposed [REDACTED] (the present contract maximum) and understood to have been agreed upon in the January 17, 1961 meeting, represents a fair apportionment of the overage as between the contractor and the Government and should not be liberalized.

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[REDACTED]
Chief, Administrative Staff, NPIC

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